

**AGENDA ITEM 6**  
**AUDIT RESOLUTION STATUS - INTERNAL AUDITS**  
**(CURRENT YEAR REPORTS WITH CURRENT YEAR UPDATES)**  
**AS OF DECEMBER 31, 2007**

Audit Activity (Report Issue Date)	Responsibility	Description of Risk / Finding	Status/Comments
Operational Recovery Planning Process (7/23/07)	Information Technology Services Branch	2.1 Current policy does not dictate that all staff are required to attend an annual Disaster Recovery Training seminar. Since August 2004, staff levels for the Information Technology Services stand at more than 480 employees. However, only 72 employees attended a seminar in 2005 and 88 in 2006.	CONCUR. The Disaster Recovery Unit will work with Information Technology Services Branch's management to clarify this policy.
		4.1 The Operational Recovery Plan has areas of incomplete and/or outdated information. Telephone and pager numbers are not listed for selected staff, recovery locations mentioned are no longer used, and list information between business critical functions, applications, and information technology requirements are not adequately illustrated.	CONCUR. The Operational Recovery Plan is a "living" document and is constantly being revised. The Disaster Recovery Unit is reviewing the plan and making corrections/updates.
	Technology Services and Support	4.2 CalPERS has two designations with very similar recovery responsibilities assigned to two different positions within the Technology Services and Support Division.	CONCUR. The Disaster Recovery Unit changed the Operational Recovery Plan to reflect this inconsistency.
		4.3 CalPERS has an inter-agency agreement with the Department of Technology Services for recovery services from IBM. The current contract expired on 6/30/06 and a proposed contract was still being reviewed by the end of March 2007.	CONCUR. The Department of Technology Services has extended the contract through a series of amendments and is in the process of executing a new contract.
		5.1 Technology Services and Support's Disaster Recovery Unit is not always made aware of production environment changes. Currently, a representative from the Disaster Recovery Unit is not required to sign the Change Request form acknowledging that it has been made aware of changes.	CONCUR. The Disaster Recovery Unit is in the process of becoming a member of the Information Technology Change Control Board which will provide the unit with up-to-date notice of production environment changes.
	Information Technology Services Branch	5.2 The Disaster Recovery Policy does not specifically define the frequency that the Plan should be tested or the extent of testing required.	CONCUR. The Disaster Recovery Policy will be reviewed and revised to include such a definition.

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Operational Recovery Planning Process (7/23/07) <i>(continued)</i>	Information Technology Services Branch	5.3 In June 2006, a full recovery test was scheduled, but was stopped before full recovery was achieved. A report summarizing weaknesses identified was not finalized. The Operational Recovery Plan was still pending revision as of May 2007.	CONCUR. CalPERS has contracted with Stanfield Systems to perform a review of our disaster recovery strategy and propose options. Based on the outcome of this review, the Operational Recovery Plan will be modified.
Global Public Markets External Investment Manager Review (Barclays) (8/2/07)	Investment Office	8.1 For future agreements between CalPERS and Barclays Global Investors, as well as other managers, the Investment Office should work with Contract Management to develop appropriate contract language to address the disaster recovery capabilities of the external manager.	CONCUR. The Investment Office is working with Operations Support Services Division and the Legal Office to develop appropriate contract and agreement language to address disaster recovery capabilities.
Review of the Employer Reporting Process (10/19/07)	Employer Services	1.1 Review was done of the Retirement Contribution Receivable Account from July 2006 to April 2007. Fiscal Services did not establish target dates for completion nor were reconciliations completed timely. Without a timeline for completing general ledger reconciliations, Fiscal Services cannot ensure that financial data is accurate and reliable.	CONCUR. Current procedures will be updated with target completion dates. Reconciliations are tracked in a status log with date completed and date reviewed/approved. Log will be reviewed with staff on a regular basis.
	Fiscal Services	2.1 Fiscal Services did not always comply with the procedures that were established for the mailing of follow up Notice of Adjustment letters. Two samples reviewed showed late notices mailed and a third sample showed a follow up mailing was due but had not yet been completed.	CONCUR. Fiscal Services will notify staff in writing to emphasize the need to follow up with Notice of Adjustment letters on a timely basis.
	Employer Services	3.1 Employer Services monitors and tracks the status of missing payroll via a database. In review of this database, reference notes were not always decipherable. The actions taken and status of an employer's contribution payment could not be easily determined.	CONCUR. Procedures were revised 7/12/07 with language identifying that notes should be easy to understand and outline the actions taken. Notes should also clarify the status of the employer's payroll and contribution payment.

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Review of the Employer Reporting Process (10/19/07) (continued)	Fiscal Services	3.2 Employer Services needs to expand its written procedures to cover the entire process of notifying employers of missing payroll and administrative charges. Procedures should also address that follow-up is performed on the receivables for the administrative charges.	CONCUR. Existing written procedures will be updated to show in greater detail the entire process. The Administrative Accounting Section will work with Employer Services to resolve outstanding items.
	Employer Services	3.3 Employer Services does not monitor the due dates for employer payroll to ensure that requests for extensions are received ten days prior to the payroll due date. The current system does not have the capability and no manual processes were developed.	CONCUR. Due to the complexity of payroll reporting, development of an interim process would be cost prohibitive. Modifications to the current system are not feasible due to constraints. The Pension System Resumption project will replace this system. Management proposes to defer until roll-out of the new system.
	Fiscal Services	3.4 Fiscal Services, upon notification from Employer Services, did not always cancel the accounts receivable set up for administrative charges. Also, Employer Services did not maintain documentation supporting that notifications were sent to Fiscal.	CONCUR. Fiscal Services will establish a written procedure to provide Employer Services with confirmations of the request received and the subsequent cancellation of the receivable. Fiscal Services will maintain documentation supporting both the notification and the cancellation action.
Alternative Investment Management External Partner Review - 2006 (11/13/07)	Investment Office	5.1 The General Partner has a disaster recovery plan and maintains to safeguard the partnership's investment information. However, the Limited Partnership Agreement does not include a provision requiring a disaster recovery plan.	CONCUR. The Investment Office is working with Operations Support Services and the Legal Office to develop appropriate contract and agreement language to address disaster recovery capabilities. Alternative Investment Management will add a requirement that, if no disaster recovery plan is in place, the Senior Investment Officer will receive the approval of the Chief Investment Officer before making an investment in the partnership.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07)	Information Security Office	1.1 The Separation of Duties Practice contains broad separation of duties requirements. The job categories are not defined, nor has CalPERS adopted a formal set of definitions.	CONCUR. The Information Security Office will revise the Separation of Duties Practice to define job categories that require separation.
	Technology Services and Support	1.2 Information Technology Services has not established a Network Zone Requirement document as required by the Network Zones Security Practice.	CONCUR. The Network Zones Requirements Document was completed on 5/29/2007. The document was distributed to Technology Services Support Division managers and provided as a response to this audit on 12/11/07.
	Information Security Office	1.3 Information Technology Services Security Administration monitors wireless activity at CalPERS. Its monitoring does not cover all CalPERS locations. Lincoln Plaza East, regional offices, and the emergency operations center are not monitored.	CONCUR. Security Administration Services has requested funding in the 2008/09 building budget for the expansion of the Wireless Intrusion Detection and Prevention System (AirDefense). This expansion will provide coverage for all CalPERS locations.
		1.4 Neither Information Technology Services nor the Information Security Office performs a periodic range scan to ensure the boundary of the wireless network has not been altered.	CONCUR. The Information Security Office will conduct an independent range scan during the infrastructure assessment phase of the Risk Assessment Management Program. Security Administration Services is developing a process to perform periodic range scans of the CalPERS wireless network, and plans to implement this process by 3/1/08.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Information Technology Services Branch	1.5 Password configuration enforcement was reviewed for ACES, COMET, CRS, PA Billing, RIBS, and SCBA systems. It was noted that the systems' configurations do not always comply with the requirements specified in the security practice. The degree and area of noncompliance varies by system.	CONCUR. Information Technology Services plans to enforce password configuration requirements as follows: ACES: Modify single sign on and my CalPERS applications as part of an upcoming security release. COMET: Review accounts owned by Middleware Unit for compliance. CRS, RIBS, SCBA: Implement changes to Resource Access Control Facility (RACF). PA Billing: Make adjustments where feasible. Where infeasible, implement possible compensating controls.
	Information Security Office	1.6 The Information Security Office does not currently monitor password compliance.	CONCUR. The Information Security Office will implement automated tools to measure compliance with password requirements.
	Information Technology Services Branch	1.7 Office of Audit Services observed instances of login IDs failing to comply with the Identity Authentication Practice.	CONCUR. Security Administration Services will coordinate the following: itemize shared accounts risks; identify existing security measures mitigating the risks; determine residual risks; identify additional security measures to further reduce residual risks and their costs.
		1.8 Information Technology Services (ITS) is in the process of defining security standards. ITS keeps a list of Microsoft servers, but the list was not current.	CONCUR. Windows and Network Directory Services developed a draft security policy and security standards for servers managed by it in 2002 and 2003 respectively. These standards will be finalized by management. Windows and Network Directory Services maintains an inventory database of all servers it manages and maintains.
	Information Security Office	1.9 We reviewed a sample of 6 systems and did not observe evidence that management reviewed system logs for changes made to user profiles by security administrators.	CONCUR. The Information Security Office (ISO) will modify the Event Logs Practice to require periodic review of all event logs, including those that record changes to user profiles by the ISO.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Information Technology Services Branch	1.10 The only portable devices being encrypted now are laptop computers. Other portable computing devices such as Personal Digital Assistances (PDAs) are not encrypted.	CONCUR. The Technology Services and Support Division will work with the Information Technology Administration Division to implement policies and procedures to ensure that all portable devices containing personal, sensitive, or confidential data are encrypted.
	Operations Support Services	1.11 Of 1,055 laptops identified on Operations Support Services Division's inventory records, 637 were not on the Enterprise Desktop Computer Services' list of laptops with installed encryption software. We attempted to test 30 of the 637 laptops for proper encryption, but were unable to locate 14 of the 30 laptops.	CONCUR. Operations Support Services will conduct a physical inventory of all laptops in 2008 and work with Information Technology Service Branch to ensure that encryption is installed on all laptops containing CalPERS data. Information Technology Branch will work with Operations Support Services to ensure that encryption software is installed on all laptops on the reconciled Operations Support Services list.
	Information Security Office	1.12 The Software Licensing Practice does not require that software be only acquired from reliable and safe sources.	CONCUR. The Information Security Office will add this requirement to the Software Licensing Practice.
	Technology Services and Support	1.13 Data owners are not consistently part of the remote access approval process. Out of 11 systems' data owners contacted, only four indicated they have knowledge that staff is able to remotely access data. Only two of 11 systems' data owners are involved in the remote access approval process.	CONCUR. Provisioning remote access is a two step approach with Security Administration Services enabling the "Security Token" and Enterprise Desktop Customer Support enabling the user's rights to specific systems. Security Administration Services will work with Enterprise Desktop Customer Support to determine the level of effort required to implement data owner approval for remote access to all systems.
	Information Security Office	1.14 Data owner responsibilities are defined, but not all are implemented. Out of 11 systems' data owners that were contacted, seven indicated that they are not currently performing a periodic review of user accounts to ensure that access granted remains appropriate.	CONCUR. The Information Security Office will provide annual notification to data owners of their responsibilities, including the responsibility to monitor access authorizations.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Information Security Office	1.15 A sample of 30 termination/transfer requests were tested. Nineteen requests were not submitted five days or more before the effective date. Ten of the 30 requests were not processed within 10 days from the request or effective date, whichever was later.	CONCUR. The Information Security Office distributed instructions to all managers, supervisors and system administrators describing the requirements for timely termination of user accounts that are no longer needed on 11/6/07. Similar notifications will be sent periodically in the future.
		1.16 Written procedures have not been established to ensure consistent and proper handling and reporting of security incidents.	CONCUR. The Information Security Office will develop internal procedures to document the process for incident reporting.
		1.17 Current external reporting requirements contained within the Information Security Incidents Practice do not fully incorporate or reference current external reporting requirements contained in SAM §4845. Potential security incidents requiring external reporting may not be properly and timely reported.	CONCUR. The Information Security Office will modify the Security Incidents Practice to refer to the external reporting requirements as defined in the State Administrative Manual §4845.
	Operations Support Services	1.18 Operations Support Services and Building Management have not fully implemented policies and procedures for requesting, establishing, modifying, terminating, and controlling temporary building access badges.  2.1 Although Operations Support Services properly limits the access to the safe to only certain staff and changes the safe combination periodically, cash and other valuables are not adequately safeguarded. During business hours, valuables are taken out of the safe and placed into locked cabinets. The access to these cabinets is not restricted since anyone in the area could gain access to the keys.	CONCUR. Operations Support Services will implement policies and procedures for controlling temporary building card badges, and will account for or disable temporary access badges.  COMPLETE. Managers and Supervisors will safeguard the keys to the locked cabinets and distribute to staff as needed.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Operations Support Services	2.2 Operations Support Services has not maintained proper records of safe combination changes, such as the date the combination was last changed and the names of employees who know the current combination.	COMPLETE. A record is kept in the safe documenting the date of the combination change along with names of designated staff who have the current combination.
	Fiscal Services	2.3 Certain staff within Fiscal Services have conflicting roles within PeopleSoft. As a result, those staff with conflicting role access could manipulate receivables and deposits.	COMPLETE. Fiscal Services has evaluated access and restricted staff's access to the appropriate levels. In addition, they have implemented procedures that requires the Module Leads to take certain steps to ensure that staff is not granted additional access rights that conflicts with their primary access rights.
	Operations Support Services	3.1 The collections efforts for Accounts Receivable for a number of types of receivables from public agencies appeared limited and inconsistent. It appears that all of the collection efforts in late 2006 have completely stopped on eight test accounts.	CONCUR. Fiscal Services will send out three collection letters at 30 day intervals. An aging report will be created. Fiscal Services will work with the program areas to resolve outstanding items (i.e., cancellation, offset, write-offs, etc.).
		3.2 As of June 2007, the reconciliations for some accounts receivable were last completed in February 2007.	CONCUR. Fiscal Services will track reconciliations in a status log. This log will be reviewed by management on a regular basis.
		4.1 No policies and procedures exist within CalPERS for the use of the Department of General Services Blue Card.	CONCUR. Operations Support Services will develop policies and procedures for use of the Department of General Services Blue Card.
		4.2 The control log of Blue Card users is not kept current. This is a necessary internal control to ensure accountability.	CONCUR. Operations Support Services will develop procedures to keep the control log current.
		4.3 Periodic inventories of the Blue Card are not performed. This is a necessary internal control to ensure accountability.	CONCUR. Operations Support Services will perform biennial inventories of the Department of General Services Blue Card.



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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Operations Support Services	<p>4.4 There are no reconciliations between CalPERS' Blue Card control log and Department of General Services' Master List as prescribed in the Office of Fleet Administration Handbook.</p> <p>4.5 One Cal Card account summary was not signed by the buyer or the approving official before being sent to Fiscal Services for payment. High importance should be placed on all controls over Cal Cards, including approvals, as these cards involve direct purchasing authority with high daily limits.</p>	<p>CONCUR. Operations Support Services will perform biennial reconciliations.</p> <p>COMPLETE. Staff has been advised of the Cal Card policies and procedures and will forward for payment only when the proper reviews and approvals have been obtained.</p>
	Fiscal Services	<p>4.6 In two instances, Fiscal Services was late in paying the bank for purchases made with the Cal Card.</p> <p>4.7 Monthly reconciliations of the department's expenditure accounts were not performed monthly from July 2005 to the present as required by State Administrative Manual §7921. Fiscal Services only completed reconciliations for July, August, and September 2005.</p> <p>4.8 Two Transaction Requests related to Plans of Financial Adjustment listed in the reconciliation of department expenditures with State Controller's balances lacked an authorized signature. These represented transactions of more than \$2 million each.</p> <p>4.9 Six of the 17 claim schedules tested did not have the signature of the accounting official authorized to sign. Instead of a signature, the six claim schedules bore a stamp that read "ACCOUNTING ADMINISTRATOR."</p>	<p>CONCUR. Fiscal Services has established a process to ensure that Cal Card payments are made in a timely manner. If payment can't be made within the timeframe via a claim schedule, then a Revolving Fund check will be processed to pay the statements to avoid possible interest penalties.</p> <p>CONCUR. Fiscal Services will track reconciliations in a status log. This log will be reviewed by management on a regular basis.</p> <p>CONCUR. Fiscal Services will create a list of those employees authorized to approve Plans of Financial Adjustment (PFAs) and notify all employees via memo of this change. PFAs will be reviewed monthly to ensure PFA transfer requests have authorized signatures.</p> <p>CONCUR. Fiscal Services will create a list of those employees authorized to approve Claim Schedules and notify staff via memo that all claim schedules require an authorized accounting official signature.</p>

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Fiscal Services	<p>4.10 Of the 22 invoices tested, two facsimiles and five original invoices were without a date stamp.</p> <p>5.1 A review of the uncleared check report for January 2007 revealed four checks that were stale dated (13 to 14 months old) that needed to be canceled or payment stopped.</p> <p>5.2 Fiscal Services did not always request transfer of financial adjustments on a timely basis. For a period covering 10/06 through 01/07, only one transfer of expenditure was conducted in an amount of more than \$10 million, even though expenditures exceeded \$100,000 per quarter.</p> <p>5.3 Review of the general checking reconciliations revealed that the most completed reconciliation as of June 2007 was February 2007. As of June 2007, the individual who conducted the reconciliations transferred to a different unit and as of our fieldwork, no one was assigned to the general checking reconciliation.</p> <p>6.1 Fiscal Services made two payments to an employee for the same travel claim.</p> <p>6.2 Review of the aging salary advance worksheet revealed that the salary advances given to employees are not being cleared in a timely fashion.</p>	<p>CONCUR. Fiscal Services will date stamp all incoming invoices. Staff responsible for the processing of invoices will verify that all invoices are date stamped. Staff will be reminded of the Prompt Payment policy.</p> <p>CONCUR. Fiscal Services has procedures to cancel all stale dated checks more than one year old. To ensure that this process is kept current, back up staff have been trained.</p> <p>CONCUR. Effective October 2007, Fiscal Services will submit Plan of Financial Adjustment requests that exceed \$100,000 to the State Controller's Office on a monthly basis.</p> <p>CONCUR. Fiscal Services will track reconciliations in a status log. This log will be reviewed by management on a regular basis.</p> <p>CONCUR. Fiscal Services has implemented procedures to guard against duplicate payments. Instructions are given to the staff reminding them the importance of processing travel claims with original signatures and receipts.</p> <p>CONCUR. Fiscal Services will follow up with Human Resources to clear all salary advances timely and to pursue further collection or initiate offsetting or write-off of when the receivables become uncollectible.</p>

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Fiscal Services	<p>6.3 Fiscal Services does not have a policy or procedures in place to remove salary advance balances that are insignificant because they are below a certain threshold, such as \$.01 shown as due on the Salary Advance worksheet.</p> <p>6.4 Travel advances given to employees are not being cleared in a timely fashion. For example, 30 individuals had travel advance balance more than 90 days old, and some dated back as far as 2001.</p> <p>6.5 Review of the travel advance process revealed duplicate crediting of one individual's account. Incorrect entries were made during and after the implementation of PeopleSoft for two travel agencies.</p> <p>6.6 Fiscal Services performs monthly reconciliations for Revolving Fund Cash Book. Although errors are identified as reconciling items that require correcting entries, they are not resolved timely.</p> <p>6.7 The physical count of petty cash revealed \$200.00 on hand although the General Ledger accounting records showed a balance of \$140.40.</p> <p>6.8 A review of the Benefit Revolving Fund Aging Report for January 2007 revealed numerous payables and receivables that are aged over 90 days.</p>	<p>CONCUR. Any over-payment or over- collection of salary advances for less than \$1.00 will be recorded in an overage log. Adjustments will be made to remove insignificant balances that are now showing on the Salary Advance worksheet.</p> <p>CONCUR. Collection letters will be sent to employees that have travel advances that are 30 days and older. Payroll deduction will be initiated if the employee fails to submit a Travel Expense Claim and/or payment to clear balance.</p> <p>CONCUR. Adjusting entries will be made to correct posting errors identified in the Travel Advance reconciliation.</p> <p>CONCUR. Fiscal Services will develop a process to ensure reconciling items are cleared timely.</p> <p>CONCUR. Fiscal Services will perform a physical count and reconciliation of the Petty Cash Fund annually and verify the balance agrees with the General Ledger amount.</p> <p>CONCUR. Fiscal Services will work with the Benefit Services Division to develop a process to clear items older than 90 days.</p>

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) <i>(continued)</i>	Human Resources Services	7.1 Employee timesheets (STD 634s) are not properly secured in Human Resources Services and are sometimes left unsecured on the staff's desk over night.	CONCUR. Human Resources Services has directed staff both verbally and in writing to secure confidential employee information. Random internal security checks are done to ensure employee documents are properly secured.
	Fiscal Services	7.2 Neither Fiscal Services and Judges and Legislators Office, nor the individuals that are authorized to pick up warrants on behalf of these divisions are listed on the Designated Warrant Pick-Up list.	CONCUR. The Designated Warrant pick-up list will be updated to show the current names of authorized employees to pick up warrants. A form will be developed by Fiscal Services as a tool to notify of any changes to the authorized listing.
	Operations Support Services	7.3 The division designee for Member Services picked up the pay warrants for Judges and Legislators Office although this employee was not an authorized designee for this office.	COMPLETE. Operations Support Services mailroom staff release pay warrants only to designated staff for each division that are listed on the designated warrant pick up list.
	Fiscal Services	7.4 The Designated Warrant Pick-Up list is not always up to date.	CONCUR. Periodic reminders will be sent out to all Divisions to update the list whenever the need arises (add, delete or change).
		7.5 Management-level employees in several divisions are listed as authorized division designees to pick up pay warrants. This is incompatible with management duties because managers also have the authority to certify personnel documents.	CONCUR. Fiscal Services will contact all divisions to update the list with two non-supervisory staff. Divisions will be reminded that timekeepers and student assistants are not authorized to pick up warrants.
	Human Resources Services	7.6 Human Resources Services did not review the employee leave balance compliance with the minimum leave balance requirements for direct deposit for the period of 7/1/06 to 9/30/06.	CONCUR. Effective January 2008, Human Resources will implement a procedure to consolidate the function of mailing and filing the Direct Deposit eligibility notifications.

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Review of Internal Controls – Financial Integrity and State Managers Accountability Act (FISMA) (12/21/07) (continued)	Operations Support Services	<p>8.1 Information technology equipment is not consistently assigned to the user division within the PeopleSoft Asset Management module. Often times, Information Technology Services Branch remains as the assigned user of the property after IT equipment has been delivered to the requesting division.</p> <p>8.2 During a physical inventory observation, we found many of the assigned property custodians on an on-line listing were not the actual staff responsible for maintaining the division's fixed assets.</p> <p>8.3 During discussion with various division property custodians, we found the on-line instructions were not comprehensive enough to properly inform them of the detail process needed to acquire or dispose of assets within their unit.</p> <p>8.4 Operations Support Services has not made a physical count of all CalPERS fixed assets and has not reconciled it to the accounting records since November 2002. Many of the sampled assets could not be located even with the assistance of the property custodians.</p>	<p>CONCUR. This will be addressed during the Enterprise Asset Management study by April 2008.</p> <p>COMPLETE. Operations Support Services has updated the on-line listing of property custodians and will continue to verify during bi-monthly meetings with division property custodians and controllers.</p> <p>CONCUR. Property Controllers will conduct bi-monthly meetings with property custodians to provide a clear understanding of their duties in order to perform accurately and consistently.</p> <p>CONCUR. Operations Support Services will conduct a physical inventory in 2008.</p>

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State Street Client Specific Review 12/21/07	Investment Office	<p>2.1 Recalculations were done of the monthly dynamic benchmarks presented within the Chief Investment Officer's performance reports to check for completeness and accuracy. Forty-eight benchmarks were reviewed. Four portfolio benchmark changes were not updated resulting in an understatement of three composite fund benchmarks. One performance benchmark was overstated by three basis points and two composite funds were not included in the Chief Investment Officer's report.</p> <p>2.2 Recalculating benchmarks using State Street's web-based system could present a limitation to the Investment Office given the time and effort needed to compile and generate these reports.</p>	<p>CONCUR. State Street has taken action to further automate the dynamic benchmark calculation process through an internal system. Until that system is put into production, a process with additional audits and checks will be set up to ensure the components of each benchmark are accurately reported.</p> <p>CONCUR. Performance Monitoring Unit staff will periodically request calculation detail from State Street to validate the benchmarks calculated by State Street.</p>